

CONFERENCE COMMITTEE REPORT DIGEST FOR EHB 2130

Citations Affected: IC 4-4; IC 6-3; IC 6-3.1; noncode.

Synopsis: Enterprise zones. CONFERENCE COMMITTEE REPORT FOR EHB 2130. Provides that a person who resides in an enterprise zone and is an employee of a nonprofit entity or local, state, or federal government is eligible for the qualified employee wage deduction. Extends from December 31, 2003, to December 31, 2015, the date beyond which the state enterprise zone board is prohibited from adding new enterprise zones. Specifies that the designation of an enterprise zone in a municipality in which a previously designated zone has expired does not count against the limit allowing only two new enterprise zones to be designated each year. Provides that if an enterprise zone business does not file the required verified summary of tax credits and tax exemptions claimed during the preceding year before the June 1 deadline and does not file for an extension, the zone business waives those credits and exemptions unless it pays, before July 16, a penalty equal to 15% of the credits and exemptions provided during the preceding year. Specifies that high technology business operations are eligible for a 5% enterprise zone investment cost credit. Eliminates the expiration clauses of the individual development accounts program. Expands the authorized uses of the individual development account to include: (1) reducing the principal amount owed on a primary residence that was purchased with money from an individual development account; and (2) expanding existing small businesses. Specifies that a qualified individual may use the account funds to pay for tuition, laboratory costs, books, and computer costs at an accredited institution of higher education, vocational school, or licensed or accredited training program. Provides that a qualified individual includes a member of a household with an annual household income of less than 175% of the federal income poverty level. (Current law provides for a limit of 150% of the poverty level.) Allows the funds of an individual development account to be rolled over into an Indiana family college savings program account. Reduces the maximum tax credits to \$200,000. (This conference committee report: (1) adds language concerning individual development accounts; (2) removes a provision specifying that the authority of a local unit of government to establish an enterprise zone at a military base that is inactive, closed, or scheduled for closure is in addition to the authority of a redevelopment authority to establish an economic development area in the same geographic area; and (3) removes a provision that an economic development area created in a county having a United States government military base that is inactive, closed, or scheduled for closure may include territory that is within the corporate boundaries of the unit, or is contiguous to the military base, but is not on military base property.)

Effective: June 30, 2001; July 1, 2001; January 1, 2002.

Adopted

Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 2130 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Page 6, line 35, delete "The authority of one".
- 2 Page 6, delete lines 36 through 39.
- 3 Page 7, between lines 1 and 2, begin a new paragraph and insert:
- 4 "SECTION 4. IC 4-4-28-5 IS AMENDED TO READ AS
- 5 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. As used in this
- 6 chapter, "individual development account" means an account in a
- 7 financial institution administered by a community development
- 8 corporation that allows a qualifying individual to deposit money:
- 9 (1) to be matched by the state, financial institutions, corporations,
- 10 and other entities; and
- 11 (2) that will be used by the qualifying individual for one (1) or
- 12 more of the following:
- 13 (A) To pay for costs **(including tuition, laboratory costs,**
- 14 **books, computer costs, and other costs associated with**
- 15 **attendance)** at an accredited institution of higher education or
- 16 a vocational school for the individual or for a dependent of the
- 17 individual.
- 18 (B) To pay for the costs **(including tuition, laboratory costs,**
- 19 **books, computer costs, and other costs)** associated with an
- 20 accredited or a licensed training program that may lead to
- 21 employment for the individual or for a dependent of the
- 22 individual.

(C) To purchase a primary residence for the individual or for a dependent of the individual **or to reduce the principal amount owed on a primary residence that was purchased by the individual or a dependent of the individual with money from an individual development account.**

(D) To begin or to purchase part or all of a business **or to expand an existing small business.**

SECTION 5. IC 4-4-28-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. As used in this chapter, "qualifying individual" means an individual or a member of an individual's household who may establish an individual development account because the individual:

(1) receives or is a member of a household that receives assistance under IC 12-14-2; or

(2) is a member of a household with an annual household income that is less than ~~one hundred fifty percent (150%)~~ **one hundred seventy-five percent (175%)** of the federal income poverty level.

SECTION 6. IC 4-4-28-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 7. (a) A qualifying individual, **including an individual who:**

(1) established an individual development account under this chapter before July 1, 2001; and

(2) held the account described in subdivision (1) for less than four (4) years;

may establish an account by applying at a community development corporation **after June 30, 2001.**

(b) At the time of establishing an account under this section, the qualifying individual must name a beneficiary to replace the qualifying individual as the holder of the account if the qualifying individual dies.

If the beneficiary:

(1) is a member of the qualifying individual's family, all funds in the account remain in the account; and

(2) is not a member of the qualifying individual's family, all funds in the account provided by the state revert to the state.

The qualifying individual may change the name of the beneficiary at the qualifying individual's discretion. A beneficiary who becomes the holder of an account under this subsection is subject to this chapter and rules adopted under this chapter regarding withdrawals from the account.

(c) Only one (1) member of a qualifying individual's household may establish an account.

SECTION 7. IC 4-4-28-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 30, 2001]: Sec. 10. (a) Not more than eight hundred (800) accounts may be established in the state each year.

(b) A community development corporation shall use money that is in an individual development account fund established under section 13 of this chapter to allow a qualified individual on a waiting list maintained by the community development corporation to establish an account.

~~(c) This section expires July 1, 2001.~~

SECTION 8. IC 4-4-28-12 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JUNE 30, 2001]: Sec. 12. (a) The department of commerce shall allocate, for each account that has been established **after June 30, 2001**, for not more than four (4) years, **including any time in which an individual held an individual development account under this chapter before July 1, 2001**, three dollars (\$3) for each one dollar (\$1) an individual deposited into the individual's account during the preceding twelve (12) months. However, the department's allocation under this subsection may not exceed nine hundred dollars (\$900) for each account described in this subsection.

(b) Not later than June 30 of each year, the department of commerce shall deposit into each account established under this chapter the appropriate amount of money determined under this section. **However, if the individual deposits the maximum amount allowed under this chapter on or before December 31 of each year, the individual may request in writing that the department of commerce allocate and deposit the matched funds under subsection (a) into the individual's account not later than forty-five (45) days after the department of commerce receives the written request.**

(c) Money from a federal block grant program under Title IV-A of the federal Social Security Act may be used by the state to provide money under this section for deposit into an account held by an individual who receives assistance under IC 12-14-2.

~~(d) This section expires July 1, 2001.~~

SECTION 9. IC 4-4-28-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 16. (a) Money withdrawn from an individual's account is not subject to taxation under IC 6-3-1 through IC 6-3-7 if the money is used for at least one (1) of the following:

(1) To pay for costs **(including tuition, laboratory costs, books, computer costs, and other costs)** at an accredited institution of higher education or a vocational school for the individual or for a dependent of the individual.

(2) To pay for the costs **(including tuition, laboratory costs, books, computer costs, and other costs)** associated with an accredited or a licensed training program that may lead to employment for the individual or for a dependent of the individual.

(3) To purchase a primary residence for the individual or for a dependent of the individual **or to reduce the principal amount owed on a primary residence that was purchased by the individual or a dependent of the individual with money from an individual development account.**

(4) To begin or to purchase part or all of a business **or to expand an existing small business.**

(5) To roll over the account under subsection (c) into a family college savings account program established under IC 21-9-3.

(b) At the time of requesting authorization under section 15 of this chapter to withdraw money from an individual's account under subsection (a)(4), the individual must provide the community development corporation with a business plan that:

(1) is approved by:

(A) a financial institution; or

(B) a nonprofit loan fund that has demonstrated fiduciary stability;

(2) includes a description of services or goods to be sold, a marketing plan, and projected financial statements; and

(3) may require the individual to obtain the assistance of an experienced business advisor.

(c) Upon the expiration of the term of the individual's account under this chapter, an individual may elect to roll over the money from the individual's account directly into a family college savings account program established under IC 21-9-3.

SECTION 10. IC 4-4-28-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 30, 2001]: Sec. 18. (a) Each community development corporation shall annually:

(1) evaluate the individual development accounts administered by the community development corporation; and

(2) submit a report containing the evaluation information to the department of commerce.

(b) ~~This section expires July 1, 2001.~~ Two (2) or more community development corporations may work together in carrying out the purposes of this chapter.

SECTION 11. IC 4-4-28-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 30, 2001]: Sec. 21. ~~(a)~~ The department of commerce may adopt rules under IC 4-22-2 to implement this chapter.

~~(b) This section expires July 1, 2001.~~

Page 8, line 32, delete "IC 4-4-6.1-1.3.)" and insert "**IC 4-4-6.1-1.3).**".

Page 9, between lines 18 and 19, begin a new paragraph and insert:

"SECTION 14. IC 6-3.1-18-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. (a) The amount of tax credits allowed under this chapter may not exceed ~~five hundred thousand dollars (\$500,000)~~ **two hundred thousand dollars (\$200,000)** in any state fiscal year.

(b) The department shall:

(1) record the time of filing of each application for allowance of a credit required under section 9 of this chapter; and

(2) approve the applications, if they otherwise qualify for a tax credit under this chapter, in the chronological order in which the applications are filed in the state fiscal year.

(c) When the total credits approved under this section equal the maximum amount allowable in any state fiscal year, an application filed after that time for the same fiscal year may not be approved. However, if an applicant for whom a credit has been approved fails to file the statement of proof of payment required under section 9 of this chapter, an amount equal to the credit previously allowed or set aside for the applicant may be allowed to any subsequent applicant in the year. In addition, the department may, if the applicant so requests, approve a credit application, in whole or in part, with respect to the next succeeding state fiscal year."

- 1 Page 9, delete lines 19 through 42.
- 2 Delete pages 10 through 14.
- 3 Page 15, delete lines 1 through 30.
- 4 Page 15, between lines 30 and 31, begin a new paragraph and insert:
- 5 "SECTION 15. THE FOLLOWING ARE REPEALED
- 6 [EFFECTIVE JULY 1, 2001]: IC 4-4-28-19; IC 4-4-28-20.
- 7 SECTION 16. [EFFECTIVE JULY 1, 2001] **Any allocation by the**
- 8 **department of commerce under IC 4-4-28-12, as amended by this**
- 9 **act, on an individual development account established before July**
- 10 **1, 2001, expires June 30, 2001."**
- 11 Renumber all SECTIONS consecutively.
(Reference is to EHB 2130 as printed March 21, 2001.)

Conference Committee Report
on
Engrossed House Bill 2130

Signed by:

Representative Klinker
Chairperson

Senator Skillman

Representative Buell

Senator Blade

House Conferees

Senate Conferees